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17 January 1959

Copy No. C 63

CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO. 2
NO CHANGE IN CLASS. X
DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH. 4-4-80
DATE: 4-4-80 REVIEWER:

State Dept. review completed

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Next 3 Page(s) In Document Exempt

OK
USSR - Economic results: Gross industrial output in 1958 increased 10 percent over 1957 and the grain harvest was the biggest in Soviet history, according to the official, year-end statistical statement issued in Moscow on 15 January. This industrial increase is identical to that reported last year over 1956 and is higher than the average annual increase--8.8 percent--necessary to meet the Seven-Year-Plan (1959-1965) goals.

[REDACTED]

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II. ASIA-AFRICA

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Ivory Coast: [Opposition appears to be mounting to the conservative, pro-French leadership of the territory's political boss, Houphouet-Boigny, who is also a minister of state in the French Government. Disorders similar to those which occurred last October could materialize in the near future. Such a development might lead to the early collapse of Houphouet's domestic position. His control over one of the area's two leading inter-territorial political parties is already seriously weakened.]

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DAILY BRIEF

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Laos: India, as chairman of the International Control Commission (ICC) for the Indochinese states, has taken a step toward reactivating the ICC in Laos. It apparently plans to convene a "Laos committee" in Saigon in response to Communist charges of American and Laotian violations of the 1954 Geneva Accords. Prior to its adjournment in July 1958, the ICC in Laos limited the government's freedom of action and was often ineffective in checking Communist violations of the Geneva Accords.

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*Iran-USSR: Top Iranian officials are reassessing Iranian-American relations and what they believe to be US policy toward the Baghdad Pact area. Ambassador Wailes in Tehran feels there is a real question in Iranian minds regarding US policy toward Iran. The concern voiced by these officials over the extent of American economic support is greater than in past years and may be due in part to the steady Soviet pressure campaign against Iran, the latest move of which is a 16 January note calling the proposed US-Iranian defense agreement a "rather dangerous" step.

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DAILY BRIEF

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SOVIET PRODUCTION OF SELECTED ITEMS

<u>ITEM</u>	USSR <u>1957</u>	USSR <u>1958</u>	USSR Plan <u>1958</u>	US <u>1957</u>
Pig Iron (million metric tons)	37	39.6	39.1	71.6
Crude Steel " " "	51	54.9	53.6	102
Rolled Steel " " "	40.2	42.9	41.7	77.6
Coal " " "	463	496	488.9	470
Petroleum " " "	98.3	113	112.6	355
Electric Power (billion K. W. H.)	210	233	231	760
Natural Gas (billion cubic meters)	20	29.8	31	306

Soviet Economic Report for 1958

Soviet gross industrial production increased 10 percent in 1958, according to the official year-end statistical statement issued in Moscow on 15 January. This is identical with the increase reported for 1957. The 11-percent rise in producer goods is also the same as in 1957, but the increase in consumer goods was only 7 percent, compared with 8 percent in 1957. In the case of consumer goods, while the category of light industry showed a greater growth than in 1957, the increase in the food industry category was smaller than in the preceding year.

Rates of increase reported for the major branches of heavy industry were virtually identical to those reported for 1957. The 6-percent rise in industrial labor productivity continues the recent trend of a diminishing rate of increase (8 percent in 1955, 6.9 percent in 1956, 6.5 percent in 1957). This decline largely reflects the acceleration of the program for reducing the workweek.

Total capital investment increased more than 11 percent over 1957 to 235 billion rubles. While the Soviet summary did not mention specific shortfalls, earlier information indicates that shortfalls, though small in total, were concentrated in critical areas such as chemicals and ferrous metallurgy. Urban housing construction increased by approximately one third; rural housing construction fell off somewhat.

In 1958 the number of livestock continued to increase as did also the output of livestock products. The increase in meat and milk production in 1958, however, was roughly half as great as the increase during 1957. According to the plan-fulfillment report, the Soviet union surpassed the United States in total milk production in 1958. The original goal was to surpass the United States in per-capita production in 1958, but the USSR still has a long way to go to achieve this. Furthermore the announced Soviet total includes milk other than from cows, and in any case it is not clear whether the Soviet method of reporting milk production is the same as that used in the United States.

Record crops of grain, sugar beets, and sunflower seeds were harvested, but the production of cotton, potatoes and vegetables in 1958 was either about equal to or somewhat less than in 1957.

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Position of Pro-French African Leader Threatened in Ivory Coast

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[Opposition appears to be increasing in the Ivory Coast, one of 11 autonomous "republics" in French West and Equatorial Africa, to the conservative, pro-French leadership of Houphouet-Boigny, the territory's political boss. He is also a minister of state in the French Government and the long-time president of the African Democratic Rally (RDA)--one of the two leading interterritorial political parties in French West and Equatorial Africa.]

[Houphouet's domestic position seemed virtually impregnable until October, when his prestige was severely jolted by his inability to deal effectively with apparently politically inspired rioting among Africans in Abidjan. Since then there have been reports of new violent incidents and--for the first time--of vocal criticism of Houphouet's policies and tactics among politically conscious natives of the Ivory Coast.]

[Unlike other area leaders, Houphouet recently stated that he had no further political claims to present to France--an indication that he did not plan to exercise the territory's constitutional option to evolve to complete independence. This attitude is contrary to the desires of an apparently growing number of younger and more radically inclined elements in the Ivory Coast. These elements, along with most RDA groups outside the Ivory Coast, also appear to have become increasingly aroused by Houphouet's refusal to merge his relatively rich territory with a new West African federation having genuine supraterritorial institutions.]

[The situation thus appears to be building up toward new disorders in the Ivory Coast which might involve the small and increasingly nervous European population. Such a]

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[development--possibly in connection with the local legislative elections scheduled for March--could lead to the early termination of Houphouet's rule in the Ivory Coast. It would almost certainly end his already shaky control over the RDA's inter-territorial mechanism.]

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Possible Reactivation of International Commission to Laos

The Indian Government may have taken a step toward reactivating the International Control Commission (ICC) for Laos. This unit was adjourned in July 1958 at the request of the Laotian Government, and a "Laos committee" under the aegis of the ICC for Vietnam was charged with maintaining a watch over developments in Laos. India, as chairman of the ICC, has requested Canada to appoint a delegate to the Laos committee, apparently so the group can consider Communist charges of American and Laotian violations of the 1954 Geneva Accords.

Canada's position has been that it would oppose reconvening the ICC for Laos and that, in any event, Laotian Government approval would be essential prior to reactivation.

Communist pressure for the reactivation of the ICC for Laos has mounted steadily during the past few weeks in response to rumors that a rightist power move and suppression of the Communist-dominated Neo Lao Hak Zat (NLHZ) are imminent. Pressure has included an NLHZ propaganda campaign, North Vietnamese complaints to the ICC regarding alleged Laotian military encroachments, and the military occupation of a disputed frontier area by Viet Minh troops.

Earlier activity by the ICC in Laos had the effect of limiting the freedom of action of the Laotian Government without effectively checking Communist violations of the Geneva Accords. The Polish delegation served the NLHZ as a communication channel and a source of advice and logistic support.

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Iran Reassessing Relations With US

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[The Shah is reassessing Iranian-American relations because of disappointment over US lack of support to Iran and the Baghdad Pact. Two of the Shah's advisers have informed US Embassy officials that he sees many indications of Washington's "pulling away from firm backing of both Iran and the Baghdad Pact."]

[Among the signs which Iran regards as ominous are the "emasculatation" of Iran's counterdraft of the proposed bilateral defense agreement with the United States and the American Secretary of State's intention to send a subordinate to lead the delegation to the Baghdad Pact Ministerial Council meeting at Karachi on 26 January. Other disappointments include American opposition to creation and deployment of additional Iranian divisions to defend northwestern Iran and US unwillingness to underwrite Iran's budget deficit. Iran is also suspicious of Soviet Deputy Premier Mikoyan's talks with US officials and suspects there may be decisions made involving Iranian interests.]

[Iran is currently exerting every effort in its perennial campaign to obtain substantial increases in US aid, and seems to be voicing deeper concern than in previous years, which may be in part a reflection of the strain imposed by the recent Soviet campaign of diplomatic and propaganda pressure. In a note of 16 January, the latest in a series of threatening messages to Tehran, Moscow charges that Iran is following a "policy directed against the USSR" and warns that conclusion of the US-Iranian defense agreement would be a "rather dangerous" step. The USSR has also exerted pressure on the Iranian Government by propaganda attacks in Soviet broadcasts to Iran and by means of direct contacts by Soviet Embassy personnel in Tehran with Iranian officials.]

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